



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
REGARDING
SB-100, AAC ELIGIBILITY FOR UNEMPLOYMENT COMPENSATION BENEFITS
BEFORE THE
GOVERNMENT ADMINISTRATION & ELECTIONS COMMITTEE
FEBRUARY 22, 2016**

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, NFIB/Connecticut offers the following comments:

NFIB/Connecticut strongly supports the intent behind SB-100, which aims to make much needed positive reforms to the state's unemployment compensation system. Upon revision, this bill has the potential to be a positive piece of legislation if drafted in such a manner to meaningfully address issues in the unemployment compensation system from an employers' perspective. This includes an examination of the administration and levels of benefits provided in the state and potential reforms to help shore up the solvency of the system. Specifically, NFIB recommends modest reforms including increasing the base wages to at least \$2,000 (currently at \$600 and has not been updated since the 1980's); a renewed focus on claimants' work search efforts – e.g. posting resumes online (as required in other states); and freezing the maximum rates, etc. It must be noted that Connecticut's small businesses have been straining under high unemployment taxes for some time now and have also suffered from recent surcharges. In addition to the state surcharges and special assessments faced by employers, Connecticut employers' FUTA (federal) charge, due to the state being the only eligible state choosing not to seek a waiver from the U.S. DOL from the BCR (Benefit Cost Rate) add on charge is among the highest in the nation. This most recent charge was \$189 per employee, compared to the normal FUTA tax of only \$42 per employee. *That meant all Connecticut employers faced an unexpected 350% increase, per employee, at the start of this year. Again, Connecticut was the only state in the nation that was penalized with this BCR add-on in both 2014 and 2015 (emphasis added).* NFIB/Connecticut welcomes any relief that would help ease this burden on our state's job creators. Furthermore, NFIB/Connecticut also recommends that in the future, additional significant changes need to be made to the eligibility and administration of the state's unemployment benefits system in order to maintain long-term solvency and to ensure the fiscal health of our state's small employers. NFIB/Connecticut would be happy to work with members of the GAE Committee, the Department of Labor, the Administration and others in this regard. Thank you for your consideration of NFIB's comments.